



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

June 12, 1986

Mr. John Kuppe
Vice President, Finance
Kerley Industries
Santo Tomas Route, Box 73
Sahuarita, Arizona 85629

Dear Mr. Kuppe:

RE: Status and Action Required for the Silver Reef Mine,
ACT/053/022, Washington County, Utah.

The permitting status of the Silver Reef Mine indicates that a reclamation surety bond was posted by Kerley Industries in 1984 (insufficient at this time), and that a MR-1 form was submitted to the Division on June 21, 1985 (not yet approved).

A letter requesting the posting of an additional bond amount was sent September 27, 1985 to Ronald Ashcroft from Pamela Grubaugh-Littig. The reply letter from Kerley Industries (dated February 10, 1986) stated that an increased surety would be posted by April 1986. The updated surety has not been submitted to the Division as of this date.

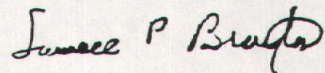
The Division requested an updated MR-1 form (letter from Steve Cox to Howard Urband of Kerley Industries, dated April 19, 1985) and an updated and unsigned MR-1 form was submitted on June 21, 1985. No further action has been undertaken.

The Division requests immediate posting of the escalated reclamation bond amount by July 1, 1986 (\$61,728 in 1987 dollars) as well as a letter of explanation outlining the future plans for the Silver Reef Mine.

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The Division may need to bring this matter before the Board of Oil, Gas and Mining requesting complete and final reclamation if this situation remains unresolved. If you have any questions, please call me.

Sincerely,



Lowell P. Braxton
Administrator

PGL/djh
Copy: John Whitehead
Pamela Grubaugh-Littig
Jerry Glazier, 5M Inc.
8808R-33